

A RESOLUTION FINDING, DETERMINING  
AND RATIFYING AN INDUCEMENT RESOLUTION  
OF THE FORT WAYNE ECONOMIC DEVELOPMENT COMMISSION  
AUTHORIZING THE ISSUANCE AND SALE OF  
\$5,000,000 ECONOMIC REVENUE BONDS OF THE  
CITY OF FORT WAYNE, INDIANA,  
FOR THE PURPOSE OF INDUCING THE APPLICANT,  
TOKHEIM CORPORATION  
TO PROCEED WITH THE ACQUISITION,  
CONSTRUCTION AND EQUIPPING OF THE PROJECT.

WHEREAS, the City of Fort Wayne, Indiana, (the "Issuer")  
is authorized by I.C. §36-7-12 (the "Act") to issue revenue  
bonds for the financing of economic development facilities,  
the funds from said financing to be used for the acquisition,  
construction and equipping of said facilities, and said faci-  
lities to be either sold or leased to another person or dir-  
ectly owned by another person; and

WHEREAS, Tokheim Corporation (the "Applicant") has advised  
the Fort Wayne Economic Development Commission and the Issuer  
that it proposes that the Issuer lease the same to the Applicant  
or loan proceeds of an economic development financing to the  
Applicant for the same, said economic development facility to be  
purchase of machinery and equipment and expansion and renovation  
of the existing office building, the electrical expansion of the  
Machine Shop, the replacement of the factory roof and other  
improvements to the buildings located at 1600 Wabash Avenue, in  
the City of Fort Wayne, Indiana, located on a 13.5 acre plot  
of land (the "Project"); and

WHEREAS, the diversification of industry and an increase  
in additional job opportunities over the next few years, to be  
achieved by the acquisition, construction and equipping of the  
Project will be of public benefit to the health, safety and  
general welfare of the Issuer and its citizens; and

WHEREAS, having received the advice of the Fort Wayne

1 Economic Development Commission, it would appear that the  
2 financing of the Project would be of public benefit to the  
3 health, safety and general welfare of the Issuer and its  
4 citizens; and

5 WHEREAS, the acquisition and construction of the facility  
6 will not have an adverse effect on any similar facility already  
7 constructed or operating in or about Fort Wayne, Indiana.

8 NOW THEREFORE, BE IT RESOLVED BY THE COMMON COUNCIL OF  
9 THE CITY OF FORT WAYNE, INDIANA:


10 SECTION 1. The Common Council finds, determines, ratifies  
11 and confirms the promotion of diversification of economic  
12 development and job opportunities in and near Fort Wayne,  
13 Indiana and in Allen County, is desirable to preserve the health,  
14 safety and general welfare of the citizens of the Issuer; and  
15 that it is in the public interest that Fort Wayne Economic  
16 Development Commission and said Issuer take such action as it  
17 lawfully may to encourage diversification of industry and promo-  
18 tion of job opportunities in and near said Issuer.

19 SECTION 2. The Common Council further finds, determines,  
20 ratifies and confirms that the issuance and sale of revenue  
21 bonds in an amount not to exceed \$5,000,000 of the Issuer  
22 under the Act for the acquisition, construction and equipping  
23 of the Project and the sale or leasing of such a financing  
24 to the Applicant for such purposes will serve the public  
25 purpose referred to above, in accordance with the Act.

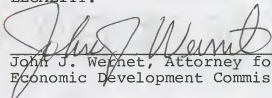
26 SECTION 3. In order to induce the Applicant to proceed  
27 with the acquisition, construction and equipping of the Project,  
28 the Common Council hereby finds, determines, ratifies and confirms  
29 that (i) it will take or cause to be taken such actions pursuant  
30 to the Act as may be required to implement the aforesaid financing,  
31 or as it may deem appropriate in pursuance thereof, provided that  
32 all of the foregoing shall be mutually acceptable to the Issuer

1 and the Applicant; and (ii) it will adopt such ordinances and  
2 resolutions and authorize the execution and delivery of such  
3 instrument and the taking of such action as may be necessary  
4 and advisable for the authorization, issuance and sale of said  
5 economic development bonds.

6 SECTION 4. All costs of the Project incurred after the  
7 passage of this Inducement Resolution, including reimburse-  
8 ment or repayment of the Applicant of monies expended by the  
9 Applicant for planning, engineering, interest paid during  
10 construction, underwriting expenses, attorney and bond counsel  
11 fees, acquisition, construction and equipping of the Project  
12 will be permitted to be included as part of the bond issue  
13 to finance said Project, and the Issuer will thereafter either  
14 sell or lease the same to the Applicant or loan the proceeds  
15 of such financing to the Applicant for the same purposes.

16   
17 \_\_\_\_\_  
18 COUNCILMAN

19 APPROVED AS TO FORM AND  
20 LEGALITY.

21   
22 \_\_\_\_\_  
23 John J. Wernet, Attorney for the  
24 Economic Development Commission

25 Dated this 7 day of June, 1982.  
26  
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32

Read the first time in full and on motion by Y. Quintana, seconded by Stier, and duly adopted, read the second time by title and referred to the Committee Burns (and the City Plan Commission for recommendation) and Public Hearing to be held after due legal notice, at the Council Chambers, City-County Building, Fort Wayne, Indiana, on \_\_\_\_\_, 19\_\_\_\_, at \_\_\_\_\_ o'clock \_\_\_\_\_ M., E.S.T.

DATE: 6-8-82

Charles W. Westerman  
CHARLES W. WESTERMAN - CITY CLERK

Read the third time in full and on motion by Burns, seconded by Stier, and duly adopted, placed on its passage. PASSED (~~Lost~~) by the following vote:

	<u>AYES</u>	<u>NAYS</u>	<u>ABSTAINED</u>	<u>ABSENT</u>	<u>TO-WIT:</u>
<u>TOTAL VOTES</u>	<u>6</u>	—	—	<u>3</u>	—
<u>BRADBURY</u>	—	—	—	<u>X</u>	—
<u>BURNS</u>	<u>X</u>	—	—	—	—
<u>EISBART</u>	<u>X</u>	—	—	—	—
<u>GIAQUINTA</u>	—	—	—	<u>X</u>	—
<u>NUCKOLS</u>	—	—	—	<u>X</u>	—
<u>SCHMIDT</u>	<u>X</u>	—	—	—	—
<u>SCHOMBURG</u>	<u>X</u>	—	—	—	—
<u>STIER</u>	<u>X</u>	—	—	—	—
<u>TALARICO</u>	<u>X</u>	—	—	—	—

DATE: 6-22-82

Charles W. Westerman  
CHARLES W. WESTERMAN - CITY CLERK

Passed and adopted by the Common Council of the City of Fort Wayne, Indiana, as (ZONING MAP) (~~GENERAL~~) (~~ANNEXATION~~) (~~SPECIAL~~) (~~APPROPRIATION~~) (~~ORDINANCE~~) (RESOLUTION) NO. P-32-82 on the 22nd day of June, 1982.

ATTEST:

(SEAL)

Charles W. Westerman  
CHARLES W. WESTERMAN - CITY CLERK

Samuel J. Talarico  
PRESIDING OFFICER

Presented by me to the Mayor of the City of Fort Wayne, Indiana, on the 23rd day of June, 1982, at the hour of 11:30 o'clock A. M., E.S.T.

Charles W. Westerman  
CHARLES W. WESTERMAN - CITY CLERK

Approved and signed by me this 23rd day of June 1982, at the hour of 3 o'clock P. M., E.S.T.

Win Moses, Jr.  
WIN MOSES, JR. - MAYOR

BILL NO. R-82-06-09

REPORT OF THE COMMITTEE ON FINANCE

WE, YOUR COMMITTEE ON Finance TO WHOM WAS REFERRED AN  
ORDINANCE A RESOLUTION FINDING, DETERMINING AND RATIFYING  
AN INDUCEMENT RESOLUTION OF THE FORT WAYNE ECONOMIC DEVELOPMENT  
COMMISSION AUTHORIZING THE ISSUANCE AND SALE OF \$5,000,000  
ECONOMIC REVENUE BONDS OF THE CITY OF FORT WAYNE, INDIANA,  
FOR THE PURPOSE OF INDUCING THE APPLICANT, TOKHEIM CORPORATION  
TO PROCEED WITH THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF  
THE PROJECT

HAVE HAD SAID ORDINANCE UNDER CONSIDERATION AND BEG LEAVE TO REPORT  
BACK TO THE COMMON COUNCIL THAT SAID ORDINANCE DO PASS.

MARK E. GIAQUINTA - CHAIRMAN

PAUL M. BURNS - VICE CHAIRMAN

JAMES S. STIER

JOHN NUCKOLS

DONALD J. SCHMIDT

*Mark E. Giaquinta*  
*Paul M. Burns*  
*James S. Stier*  
*Samuel J. Talarico*  
*D. Schmidt*  
6-22-82  
DATE CONCURRED IN  
CHARLES W. WESTERMAN, CITY CLERK

APPLICATION TO FORT WAYNE, INDIANA  
ECONOMIC DEVELOPMENT COMMISSION,  
FOR ECONOMIC DEVELOPMENT  
REVENUE BOND FINANCING

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- (1) Applicant's name  
TOKHEIM CORPORATION

- (2) Address of Applicant's Principal Office and Place of Business.  
Principal office: 2827 Rupp Drive,  
Fort Wayne, Indiana 46815  
Principal place of business: Fort Wayne, Indiana .

- (3) Type of organization under which the Applicant does business  
(e.g. corporation, partnership, sole proprietorship, joint venture).

Applicant does business as a corporation.

- (4) Under the laws of what State is the Applicant organized?  
Applicant is organized under the laws of the State of Indiana.

- (5) Business or business in which applicant is engaged?  
Applicant is engaged in the manufacture and sale of service  
station equipment, meters, hand pumps, transfer pumps, and  
related service station equipment.

- (6) Is the applicant qualified to do business in Indiana?  
Applicant is qualified to do business in Indiana.

(7) Please list names and titles of principal operating personnel.

- a) Richard B. Doner, President and Chief Executive Officer
- b) Robert K. Disser, Executive Vice President
- c) Stan C. Kaiman, Vice President and Secretary
- d) John E. Overmyer, Vice President and Treasurer
- e) R. J. Simmons, Group Vice President

(8) Please list names of all persons or firms having an ownership interest of 10% or more in the applicant.

No shareholder owns a 10% or greater ownership interest in the Applicant.

(9) Please list names of any persons who are both (a) shareholders or holders of any debt obligation of the applicant; and (b) officers or members of the Economic Development Commission; or members of the Common Council of the City; or members of the Allen County Council.

No such persons.

(10) Has any person listed been (a) convicted of a felony, (b) convicted of or enjoined from any violation of state or federal securities laws, or (c) a part to any consent order or entry with respect to an alleged state or federal securities law violation, in each case within ten years preceding the date of this application?

No.

(11) What is applicant's net worth as of the end of the calendar or fiscal year quarter next preceding the date of the application?

Year ended 11-30-81: \$48,193,000

Quarter ended 2-28-82: \$47,967,000

(12) How long has applicant been in business (a) under its present name, and (b) under any prior names? Please supply, if applicable.

Applicant has been in business since 1918.

(13) What is the proposed amount of the bond issue?

Five Million Dollars (\$5,000,000.00)

(14) How are the proceeds of the issue to be used? (Itemize by category of expenditure)

a) Office building expansion and renovation	\$ 700,000 ✓
b) Machine shop electrical expansion	100,000 ✓
c) Machinery and equipment	3,800,000 (3,200,000)
d) Factory roof and other plant improvements	400,000 ✓
	<u>\$5,000,000</u> 1.5 million

(15) If the proceeds of the issue are not estimated to be sufficient to acquire, construct and/or remodel, and equip the proposed project, itemize the additional expenditures which will be necessary and indicate the source of such funds.

Any funds in excess of the proceeds of the bond issue which are required for the project will be provided by the Applicant.

(16) Where is the proposed project to be located? (Give street address and legal description as it appears on auditor's records).

1600 Wabash Avenue, Fort Wayne, Indiana.



(17) Describe facilities to be constructed. (Provide architect's rendering if available).

The construction portion of the project will consist of the expansion and renovation of the existing office building, the electrical expansion of the Machine Shop, the replacement of the factory roof and other improvements to the buildings located on the Project site.

(18) Is the project solely within the city limits of Fort Wayne? (If not, give the name of the township and/or other municipality in which it is located).

The Project is solely within the city limits of Fort Wayne.

(19) Is the property solely within the Fort Wayne Community School District? (If not, state the name of the School District in which it is located).

The property is solely within the Fort Wayne Community School District.

(20) What is the approximate size of the tract or parcel on which the property is to be situated?

13.5 acres.

(21) If the proposed project or a portion thereof is to be leased to another entity or entities, name the entity or entities and describe the portion to be leased. If no lease is contemplated, please indicate.

No lease of the Project or any portion thereof is contemplated.

(22) What is the nature of the business to be conducted at this location?

Applicant will manufacture products and operate offices at this location.

(23) Does existing zoning clearly permit construction and operation of the proposed project? Yes.

(a) - What is the existing zone? M-2

(b) - What zone does project require? M-2

(24) Will the proposed project have ready access to (a) water, and (b) sewers? If not, state how it is intended to obtain access to those utilities. Yes.

(a) N/A

(b) N/A

(25) Are septic tank or other temporary sewage treatment and disposal facilities to be used in lieu of sewers?

No.

(26) Describe briefly any adverse environmental impact anticipated by reason of operation of the proposed project, with particular reference to air, noise or water pollution.

No adverse environmental impact is anticipated by reason of operation of the proposed Project. Upon completion of the Project, which includes the replacement of older portions of the existing facilities and the purchase of modern equipment, the operation will be more environmentally compatible with the community.

(27) If the project is constructed, will any existing jobs be lost by reason of reduction or cessation of operations (a) in the City, (b) in Allen County, or (c) elsewhere in the State of Indiana?

1  
No existing jobs will be lost in the City, County, or State because of the construction of the Project.

(28) Describe briefly by category the nature of the new jobs to be created. A major purpose of the Project is to permit Applicant to expand into additional markets, thus creating additional jobs within Tokheim's operations over the next few years. The exact number of additional jobs cannot be estimated at this time. Tokheim plans to bring new products to the market, such as a new line of electronic controls for meter operation of gas pumps. The modernization and expansion of buildings and equipment, some of the buildings dating back to the previous century, will be of special help in establishing facilities for the manufacture of the new products. The modernized and expanded facilities also are expected to aid Tokheim in remaining competitive with other companies not in the Fort Wayne labor market and in working more efficiently in the manufacture of current products in a highly competitive industry.

(29) State the number of new jobs to be created (a) immediately after the proposed facilities are placed into operation, and (b) within three years thereafter.

See Applicant's answer to No. 28.

- (a)
- (b)

(30) What additional annual payroll will the new jobs generate (a) immediately after the proposed facilities are placed into operation, and (b) within three years thereafter.

See Applicant's answer to No. 28.

- (a)
- (b)

(31) If the proposed project would not be approved for tax-exempt financing, is there any substantial possibility that loss of existing jobs would occur in (a) the City, (b) the County, or (c) the State of Indiana? If the answer to either (a), (b) or (c) is affirmative, what would be the approximate number of jobs lost and the approximate net annual dollar amount of payroll loss?

Tokheim's Fort Wayne employment level has been reduced by approximately 150 employees from that of recent years, a net payroll loss of approximately \$3,000,000 annually. Tokheim has no immediate plans for the further transfer of existing jobs outside of the City, County, and State. Approval of the Project for tax-exempt financing will enable Tokheim to proceed promptly in its plans to remain in Fort Wayne. These plans were aided greatly by the completion of the renegotiation of the Labor Agreement achieved through union and management cooperation. To remain in the Fort Wayne area, Tokheim must place itself in the best possible position for its employees to work efficiently in the face of competition from labor markets outside our area.

(32) Has the proposed project been informally reviewed by bond counsel to determine whether it is in accordance with the applicable state and federal law? If so, by what firm of bond counsel?

The proposed Project has been informally reviewed by the law firm of Shoaff, Parker & Keegan.

(33) Have tentative or final arrangements been made for sale of the bonds? Describe briefly any such arrangements.

Applicant has discussed the sale of the bonds with several financial institutions.

(34) Describe briefly the proposed method of financing. (Direct, loan, lease, sale, etc.)

The proposed financing would be structured as a direct loan from the City of Fort Wayne to Applicant.

TOKHEIM CORPORATION

Name of Applicant

BY:

Its:

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 19 .

State name, address and phone number of person to be contacted and given notice about this applicant:

Mr. George T. Dodd  
Mr. Lawrence E. Shine  
Shoaff, Parker & Keegan  
2400 Fort Wayne Bank Bldg.  
P.O. Box 12709  
Fort Wayne, Indiana 46864  
(219) 424-8000

Mr. John E. Overmyer  
Tokheim Corporation  
2827 Rupp Drive  
Fort Wayne, Indiana 46815  
(219) 423-2552

# Consolidated Statement of Earnings and Retained Earnings

## Tokheim Corporation & Subsidiaries

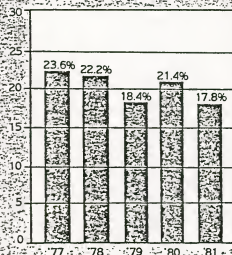
for the years ended November 30, 1981, 1980 and 1979

(Amounts in thousands except amounts per share)

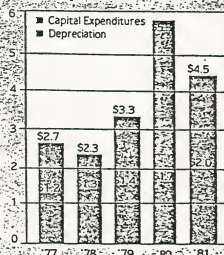
	1981	1980	1979
Net sales	\$132,907	\$134,841	\$101,606
Cost of products sold	85,087	88,587	70,046
Gross profit	47,820	46,254	31,560
Selling and administrative expenses	27,219	25,802	17,798
Research and development expenses	3,901	3,419	2,992
Interest expense (including \$793 in 1981, \$630 in 1980 and \$594 in 1979 on term debt)	1,719	1,374	1,013
Other income, net (Note 11)	(638)	(1,023)	(672)
Foreign currency transaction (gains) losses (Note 2)	143	(14)	(595)
	32,344	29,558	20,536
Earnings before income taxes	15,476	16,696	11,024
Income taxes (Note 8)	6,813	7,778	4,743
Net earnings	8,663	8,918	6,281
Retained earnings beginning of year	35,834	28,957	24,426
	44,497	37,875	30,707
Cash dividends paid (per share: \$.54 in 1981, \$.466 in 1980 and \$.40 in 1979)	2,362	2,041	1,750
Retained earnings, end of year	\$ 42,135	\$ 35,834	\$ 28,957
Average number of common shares outstanding	4,374	4,374	4,374
Net earnings per common share	\$ 1.98	\$ 2.04	\$ 1.44

See notes to consolidated financial statements.

Term Debt % of Equity



Capital Expenditures and Depreciation (in millions)

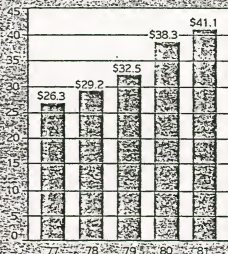




# Consolidated Balance Sheet

Tokheim Corporation & Subsidiaries  
as of November 30, 1981 and 1980  
(In thousands)

Working Capital (in millions)



## ASSETS

### Current Assets:

	1981	1980
Cash and short-term investments	\$ 2,362	\$ 3,869
Receivables, less allowance for doubtful accounts: 1981—\$257; 1980—\$244	32,459	28,369
Inventories:		
Raw materials and supplies	1,141	1,156
Work in process	24,451	26,792
Finished goods	9,070	8,929
	<u>34,662</u>	<u>36,877</u>
Less amount necessary to reduce certain inventories to LIFO method	3,513	2,139
	<u>31,149</u>	<u>34,738</u>
Prepaid expenses	403	332
Total current assets	<u>66,373</u>	<u>67,308</u>

### Property, plant and equipment, at cost:

Land and land improvements	1,093	1,079
Buildings and building improvements	10,000	8,686
Machinery and equipment	19,954	17,151
Construction in progress	73	398
	<u>31,120</u>	<u>27,314</u>
Less accumulated depreciation	12,245	10,574
	<u>18,875</u>	<u>16,740</u>

### Other Assets:

Excess of cost over net assets of companies acquired, less accumulated amortization	1,359	1,392
Other noncurrent assets and deferred charges	166	324
	<u>1,525</u>	<u>1,716</u>
	<u>\$66,773</u>	<u>\$85,764</u>

See notes to consolidated financial statements.

# LIABILITIES AND STOCKHOLDERS' EQUITY

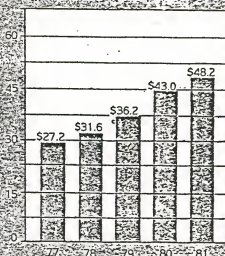
## Current Liabilities

	1981	1980
Current maturities of term debt and notes payable, banks (Notes 3 & 4)	\$ 5,121	\$ 7,749
Accounts payable	9,986	10,222
Accrued expenses:		
Salaries, wages and commissions	2,022	1,927
Retirement plan contributions (Note 10)	1,258	1,230
Taxes, other than United States and foreign income taxes	1,055	1,116
Sales incentive plans	490	1,074
Warranty expense	2,597	2,010
Compensated absences	1,512	1,369
Other	773	1,001
	<u>9,707</u>	<u>9,727</u>
United States and foreign income taxes (Note 8)		
Currently payable	2,288	2,748
Deferred	(1,806)	(1,417)
	<u>482</u>	<u>1,331</u>
Total current liabilities	<u>25,296</u>	<u>29,029</u>
Term debt less current maturities (Note 4)	8,598	9,228
Deferred income taxes (Note 8)	4,686	4,458
	<u>38,580</u>	<u>42,715</u>

## STOCKHOLDERS' EQUITY

Common Stock no par value; 15,000 shares authorized, 4,440 shares issued and outstanding (Note 6)	7,648	2,982
Capital in excess of par value (Note 6)	—	4,668
Foreign currency translation adjustments (Notes 2 & 5)	(1,155)	—
Retained earnings	42,135	35,834
	<u>48,628</u>	<u>43,484</u>
Less treasury stock, at cost; 66 shares	435	435
	<u>48,193</u>	<u>43,049</u>
	<u>\$86,773</u>	<u>\$85,764</u>

Stockholders' Equity (in millions)





# Consolidated Statement of Changes in Financial Position

## Tokheim Corporation & Subsidiaries

for the years ended November 30, 1981, 1980 and 1979

(In thousands)

	1981	1980	1979
Source of funds:			
Net earnings	\$ 8,663	\$ 8,918	\$ 6,281
Add items not affecting working capital:			
Depreciation and amortization	2,033	1,666	1,416
Deferred income taxes	228	641	910
Funds provided from operations	10,924	11,225	8,607
Translation adjustments:			
plant and equipment	301	—	—
Proceeds from long-term borrowing	317	3,420	500
	<u>11,542</u>	<u>14,645</u>	<u>9,107</u>
Use of funds:			
Plant and equipment additions, net	4,268	5,799	3,179
Foreign currency translation adjustments	1,322	—	—
Dividends paid	2,362	2,041	1,750
Reduction of term debt	947	852	856
Other, net	(155)	200	(1)
	<u>8,744</u>	<u>8,892</u>	<u>5,784</u>
Increase in working capital	2,798	5,753	3,323
Working capital, beginning of year	38,279	32,526	29,203
Working capital, end of year	<u>\$41,077</u>	<u>\$38,279</u>	<u>\$32,526</u>
Increase (decrease) in working capital:			
Cash and short-term investments	\$(1,507)	\$ 183	\$ (365)
Receivables, net	4,090	4,122	8,200
Inventories	(3,589)	9,715	3,829
Prepaid expenses	71	(184)	224
Current maturities of term debt and notes payable, banks	2,628	(3,052)	(3,859)
Accounts payable	236	(1,639)	(4,300)
Accrued expenses	20	(2,505)	(1,000)
United States and foreign income taxes	849	(887)	594
Increase in working capital	<u>\$ 2,798</u>	<u>\$ 5,753</u>	<u>\$ 3,323</u>

See notes to consolidated financial statements.



# Notes to Consolidated Financial Statements

(Amounts in thousands except amounts per share)

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**PRINCIPLES OF CONSOLIDATION**—The consolidated financial statements include the accounts of Tokheim Corporation and all of its subsidiaries (the Company).

**TRANSLATION OF FOREIGN CURRENCY**—In 1981 assets and liabilities of foreign subsidiaries are translated into United States dollars at year-end rates of exchange and income and expenses are translated at average rates during the year. Translation gains and losses are included as a component of Stockholders' Equity. For the years prior to 1981 the accounts of foreign subsidiaries were translated into United States dollars as follows: (1) Monetary assets and liabilities at year-end rates of exchange; (2) All other assets, including depreciation and liabilities at historical rates; and (3) Income and expenses at average rates during the year. Prior to 1981 translation gains and losses were included in net earnings.

**INVENTORY VALUATION**—Inventories are valued at the lower of cost or market. Beginning in 1979, cost is determined using the last-in, first-out (LIFO) method for the major portion of United States inventories and the first-in, first-out (FIFO) method for most other inventories.

Inventories valued using the LIFO method amounted to approximately \$25,063 and \$28,400 on a FIFO basis at November 30, 1981 and 1980 respectively. This reduction resulted in a liquidation of LIFO inventory quantities carried at lower costs prevailing in prior years as compared with the cost of 1981 purchases, the effect of which increased net income by approximately \$147.

**PROPERTY AND DEPRECIATION**—Depreciation of plant and equipment is determined generally on a straight-line basis over the estimated useful lives of the assets. For income tax purposes, accelerated depreciation methods are used where permitted or required.

**AMORTIZATION**—The excess of cost over the estimated fair value of the net assets of companies acquired is generally being amortized over 40 years using the straight-line method.

**INCOME TAXES**—Investment tax credits are reflected in the provision for income taxes in the year in which they arise.

**RETIREMENT PLAN COSTS**—Retirement plan expense for each year includes current service cost of the plans and amortization of prior service cost, generally over thirty years. The Company's policy is to fund retirement plan costs accrued.

**PRODUCT WARRANTY COSTS**—Anticipated costs related to product warranty are expensed in the period of sales.

**NET EARNINGS PER AVERAGE COMMON SHARE**—Net earnings per common share is based on the average number of shares of common stock outstanding during the respective years.

## 2. ACCOUNTING CHANGE

The Company elected early implementation of Financial Accounting Standards Board Statement No. 52, Foreign Currency Translation. The change was made in order to provide information that is generally compatible with the expected economic effects of a rate change on the Company's cash flow and equity. The effects of this change were to increase 1981 earnings before taxes and net earnings by approximately \$1,000 (\$23 per share). If financial statements for prior years had been restated for the newly adopted accounting method, pro forma net earnings in 1980 would have been \$8,966 (\$2.05 per share); an increase of \$48 (\$0.01 per share); and 1979 would have been \$5,834 (\$1.33 per share), a decrease of \$447 (\$5.11 per share).

## 3. SHORT-TERM BORROWINGS

At November 30, 1981 and 1980 short-term borrowings aggregated \$4,222 and \$6,800, respectively. The Company has lines of credit available with banks aggregating \$12,500 (including \$2,000 in support of commercial paper), of which \$4,222 had been drawn at November 30, 1981, \$795 of which supported outstanding commercial paper. The lines of credit carry compensating balance requirements ranging from 0% to 5% of the available line. Borrowings under the lines of credit bear interest at from less than prime rate to prime rate. The weighted average interest rate was 14.11% at November 30, 1981 and 16.90% at November 30, 1980.

## 4. TERM DEBT

Term debt at November 30, 1981 consisted of the following:

7.975% note payable, due in quarterly installments of \$83 plus interest.....	\$3,667
7% notes payable, due in annual installments of \$284 plus interest.....	568
Economic Development Bonds, 4.6% to 6.375% maturing \$110 to \$140 through 1994, (a).....	1,245
Industrial Revenue Bonds, 8% to 9% maturing \$50 to \$775 from 1982 through 2000, (a).....	3,000
Other, 4.6% to 14%, (a).....	1,017
Less current maturities.....	1,899
	<u>\$8,598</u>

(a) Aggregate cost of plant and equipment pledged as collateral under revenue bonds and lease obligations is \$5,188.

Among other provisions of loan agreements relating to the term debt obligations, there are restrictions upon the Company and its subsidiaries with respect to additional borrowings, pledging of assets, guarantees of borrowings of others, payment of dividends, transactions in capital stock, lease payments and maintenance of working capital. At November 30, 1981, retained earnings approximating \$31,059 were free of restrictions.

Aggregate maturities of the above term debt during the ensuing five years approximate \$899, \$845, \$556, \$613 and \$740, respectively.

#### 5. FOREIGN CURRENCY TRANSLATION ADJUSTMENTS

Consolidated foreign currency translation adjustments for the year ended November 30, 1981, as provided by FASB No. 52, are as follows:

Foreign currency translation adjustments	
beginning of year	\$ 167
Current year adjustments	(1,322)
Foreign currency translation adjustments	
end of year	\$(1,155)

The translation adjustment at the beginning of the year represents the effect of translating net fixed assets at the then current rate of exchange as compared to the historical rate. The current year adjustments represent principally the effect of changes in the current rate of exchange from the beginning of the year to the end of the year in translating the net assets, excluding certain intercompany liabilities of foreign subsidiaries. No income taxes are provided on the translation gains or losses as the company does not expect that they will be realized.

#### 6. COMMON STOCK

On January 23, 1981, the Board of Directors authorized a three-for-two stock split in the form of a stock dividend to stockholders of record on February 6, 1981, payable February 27, 1981. Amounts of shares, earnings and dividends per share for all periods presented in this report have been restated to reflect the stock split.

At the Annual Meeting of Stockholders held March 31, 1981, the stockholders approved increasing the authorized common stock from 5,000,000 shares to 15,000,000 shares and changing the par value from \$1.00 par value to no par value.

Changes in common stock and capital in excess of par value are as follows:

	Common Stock		Capital in excess of par value
	Shares issued	Amount	
Balances, November 30,			
1980, 1979, & 1978	2982	\$2982	\$4668
Three-for-two stock split*	1458	1458	(1460)
Change in par value		3208	(3208)
Balances, November 30,			
1981	4440	\$7648	\$ - 0 -

\*Fractional shares paid in cash

#### 7. QUARTERLY FINANCIAL INFORMATION

Unaudited quarterly financial information for the years 1981, 1980 and 1979 is as follows:

	Net Sales	Gross Profit	Net Earnings	
			Amount	Per Share
1981				
1st Quarter*..	\$ 28,661	\$10,698	\$1,407	\$ .32
2nd Quarter*,	33,010	12,501	2,500	.57
3rd Quarter*	30,141	10,982	2,225	.51
4th Quarter...	41,095	13,639	2,531	.58
	<u>\$132,907</u>	<u>\$47,820</u>	<u>\$8,663</u>	<u>\$1.98</u>
1980				
1st Quarter .....	\$ 27,519	\$ 8,412	\$1,366	\$ .31
2nd Quarter ....	34,593	12,055	2,528	.58
3rd Quarter .....	33,169	11,406	2,312	.53
4th Quarter .....	39,560	14,381	2,712	.62
	<u>\$134,841</u>	<u>\$46,254</u>	<u>\$8,918</u>	<u>\$2.04</u>
1979				
1st Quarter .....	\$ 20,167	\$ 5,968	\$ 988	\$ .23
2nd Quarter .....	20,502	6,482	974	.22
3rd Quarter .....	25,497	7,735	1,664	.38
4th Quarter .....	35,440	11,375	2,655	.61
	<u>\$101,606</u>	<u>\$31,560</u>	<u>\$6,281</u>	<u>\$1.44</u>

\* Previously reported net earnings have been restated for the change in accounting described in note number 2.

During the fourth quarter of 1981, the adjustment for the LIFO method of valuing inventories resulted in a charge against pre-tax earnings for the quarter of almost \$800 of the \$1,400 provided for the year as compared to a credit of \$75 in the fourth quarter of 1980 of the \$1,000 provided for the year.



## 8. EARNINGS BEFORE INCOME TAXES AND INCOME TAXES

Earnings before income taxes consisted of the following:

	1981	1980	1979
Domestic	\$13,131	\$13,388	\$ 8,388
Foreign	2,345	3,308	2,636
	<u>\$15,476</u>	<u>\$16,696</u>	<u>\$11,024</u>

Income taxes consist of the following:

	1981	1980	1979
Currently payable:			
Federal	\$ 5,161	\$ 5,411	\$ 3,013
State	531	668	458
Foreign	1,283	1,599	729
Deferred:			
Federal	368	67	270
Foreign	(530)	33	273
	<u>\$ 6,813</u>	<u>\$ 7,778</u>	<u>\$ 4,743</u>

The nature of timing differences giving rise to deferred income taxes and the tax effect of each are as follows:

	1981	1980	1979
Federal:			
Depreciation	\$ 377	\$ 290	\$ 172
Warranty costs	(262)	(456)	(170)
Provision for doubtful accounts	(15)	13	26
Inventory reserves	6	(227)	132
Undistributed earnings of foreign subsidiaries	—	(47)	73
Deferred income of DISC	86	365	94
Other	176	129	(57)
	<u>\$ 368</u>	<u>\$ 67</u>	<u>\$ 270</u>
Foreign:			
U.K. Stock Relief*	\$ (217)		
Other	(313)	33	273
	<u>\$ (530)</u>	<u>\$ 33</u>	<u>\$ 273</u>

A reconciliation of the reported tax expense and the amount computed by applying the statutory United States federal income tax rate to earnings before income taxes follows:

	1981	1980	1979
Computed "expected" tax expense	\$ 7,119	\$7,680	\$5,071
Increase (decrease) in taxes resulting from:			
Investment tax credit	(296)	(255)	(261)
State income taxes net of federal tax benefit	287	361	247
U.K. Stock Relief net of U.S. taxes	(141)	—	—
Miscellaneous items, net	(156)	(8)	(314)
	<u>\$ 6,813</u>	<u>\$ 7,778</u>	<u>\$ 4,743</u>

## 9. BUSINESS AND GEOGRAPHICAL SEGMENTS

Amounts reported herein for 1980 and 1979 have not been restated to give effect to the accounting change described in Note 2.

The Company manufactures and sells in two business segments: petroleum marketing systems and meters (petroleum) and other which consists of fuel pumps, die castings and timing

\*Reversal of deferred income taxes due to change in the U.K. tax law.

control devices. Segment information for 1981, 1980 and 1979 is as follows:

	1981	1980*	1979
Net Sales-Unaffiliated customers:			
Petroleum	\$117,407	\$118,554	\$ 84,067
Other	15,500	16,287	17,539
Total Net Sales	<u>\$132,907</u>	<u>\$134,841</u>	<u>\$101,606</u>
Operating Profit:			
Petroleum	\$ 15,702	\$ 15,865	\$ 9,330
Other	998	1,168	1,440
	16,700	17,033	10,770
Interest expense	(1,719)	(1,374)	(1,013)
Other income	495	1,037	1,267
Earnings before income taxes	<u>\$ 15,476</u>	<u>\$ 16,696</u>	<u>\$ 11,024</u>
Identifiable assets:			
Petroleum	\$ 82,408	\$ 80,172	\$ 59,546
Other	8,084	8,006	9,500
Adjustments and eliminations	(4,116)	(3,775)	(1,691)
	86,376	84,403	67,355
Corporate assets	397	1,361	240
Total assets	<u>\$ 86,773</u>	<u>\$ 85,764</u>	<u>\$ 67,595</u>
Capital expenditures:			
Petroleum	\$ 4,372	\$ 5,505	\$ 2,891
Other	84	327	414
	<u>\$ 4,456</u>	<u>\$ 5,832</u>	<u>\$ 3,305</u>
Depreciation expense:			
Petroleum	\$ 1,769	\$ 1,388	\$ 1,169
Other	231	245	214
	<u>\$ 2,000</u>	<u>\$ 1,633</u>	<u>\$ 1,383</u>

\*Hose reel product line was sold August 19, 1980, and information includes data through date of disposal. Gain on the sale amounting to \$289 is included as other income.

Reported sales by business segments are shown on a worldwide basis; intersegment transactions were not significant and have been eliminated. Operating profit is net sales less operating expenses before deducting interest expense, corporate expenses and income taxes. Corporate assets include cash, marketable securities and prepaid expenses.

Domestic and foreign operations information for 1981, 1980, and 1979 is as follows:

	1981	1980	1979
Net Sales:			
Domestic	\$106,789	\$110,296	\$ 83,342
Export	5,143	3,301	2,369
Foreign—Europe	12,347	14,306	9,978
—Other	8,628	6,938	5,917
Total Net Sales	<u>\$132,907</u>	<u>\$134,841</u>	<u>\$101,606</u>
Inter-Area Sales			
Eliminations:			
Domestic	\$ 5,836	\$ 4,311	\$ 2,681
Foreign principally			
Europe	\$ 301	\$ 301	\$ 209
Operating Profit:			
Domestic	\$ 13,844	\$ 13,601	\$ 8,337
Foreign—Europe	1,242	2,317	1,557
—Other	1,614	1,115	876
	<u>\$ 16,700</u>	<u>\$ 17,033</u>	<u>\$ 10,770</u>
Identifiable assets:			
Domestic	\$ 74,104	\$ 70,949	\$ 54,416
Foreign—Europe	11,108	11,897	10,187
—Other	5,280	5,332	4,443
Adjustments and eliminations	(4,116)	(3,775)	(1,691)
	<u>\$ 86,376</u>	<u>\$ 84,403</u>	<u>\$ 67,355</u>

The Company's foreign operations are located in the United Kingdom, The Netherlands, Germany, Canada and South Africa. A substantial amount of European sales to unaffiliated customers are made to geographical areas outside of Europe. Transfers between geographical areas are at cost plus an incremental amount intended to provide a reasonable profit margin to the selling enterprises. Amounts relating to foreign operations included in the consolidated financial statements are as follows:

	1981	1980	1979
Working capital	\$ 9,356	\$ 9,877	\$ 9,715
Property, plant and equipment (net)	1,939	1,840	1,672
Noncurrent liabilities	(2,126)	(2,385)	(2,287)
Net foreign assets	<u>\$ 9,169</u>	<u>\$ 9,332</u>	<u>\$ 9,098</u>
Net earnings of foreign operations	<u>\$ 1,545</u>	<u>\$ 1,676</u>	<u>\$ 1,634</u>



###### 10. RETIREMENT PLAN COSTS

The Company and its subsidiaries have several retirement plans covering most of their employees, including certain employees in foreign countries. Charges to operations for the cost of the Company's retirement plans were \$1,199 in 1981; \$1,202 in 1980 and \$1,295 in 1979. Accumulated plan benefits and plan net assets for the Company's domestic defined benefit plans as of the most recent actuarial valuation December 1, 1980 and 1979 are presented below:

	1981	1980
Actuarial present value of accumulated plan benefits:		
Vested	\$5,794	\$6,345
Non-vested	640	
	<u>\$6,434</u>	
*Non-vested benefits were not computed in 1980.		
Net assets available for benefits	<u>\$8,407</u>	<u>\$6,806</u>

As of December 1, 1980, the weighted average rate of return used to calculate the actuarial present value of accumulated plan benefits was changed to 9% for all plans. The rate used as of December 1, 1979 approximated 6%. This change resulted in a decrease in the present value of accumulated plan benefits by approximately \$3,160. Also, certain changes to the Company's salaried pension plan, made August 1, 1980, resulted in an increase in the actuarial present value of accumulated plan benefits by approximately \$893.

In addition, the interest rate used to calculate 1981 pension cost was increased to 7½% from 5½% and 7% for hourly and salaried plans, respectively. Such change, coupled with the salaried plan amendments referred to above resulted in a decrease in the amount of retirement plan expense charged to operations in 1981 by approximately \$300.

The Company's foreign retirement plans are an insignificant portion of the total Company's retirement plans and are not required to report to certain governmental agencies pursuant to ERISA and do not otherwise determine actuarial value of accumulated benefits or net assets available for benefits as calculated and disclosed above and are omitted from the above table for those plans.

###### 11. OTHER INCOME

Other income consisted of the following:

	1981	1980	1979
Interest income	\$ 590	\$ 566	\$435
Gain (loss) on sale of assets	(5)	315	163
Other	53	142	74
	<u>\$ 638</u>	<u>\$1,023</u>	<u>\$672</u>

###### 12. CONTINGENT LIABILITIES

The Company has been named as defendant in various lawsuits. In the opinion of management, the outcome will have no material effect on the financial condition of the Company.

## Accountants' Report

To the Stockholders and Directors  
Tokheim Corporation

We have examined the consolidated balance sheet of Tokheim Corporation and Subsidiaries as of November 30, 1981 and 1980, and the consolidated statements of earnings and retained earnings and changes in financial position for each of the three years in the period ended November 30, 1981. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the consolidated financial position of Tokheim Corporation and Subsidiaries at November 30, 1981 and 1980, and the consolidated results of their operations and the changes in their financial position for each of the three years in the period ended November 30, 1981 in conformity with generally accepted accounting principles which were consistently applied during the period, except for the change with which we concur made as of December 1, 1980, in the method of translating the financial statements of the foreign subsidiaries as described in note 2 to the consolidated financial statements.

*Coopers & Lybrand*

Fort Wayne, Indiana  
January 20, 1982



# The City of Fort Wayne

June 1, 1982

Mr. Bruce Boxberger  
City Attorney  
City-County Building  
Fort Wayne, Indiana

RE: EDC Application for Tokheim Corporation

Dear Bruce:

I have reviewed the application and financial statements of the above named applicant.

I find no problems with these documents which should deter action by the Committee.

Sincerely,



Frank W. Heyman  
City Controller



## THE CITY OF FORT WAYNE

CITY-COUNTY BUILDING • ONE MAIN STREET • FORT WAYNE, INDIANA 46802

city plan commission

1 June 1982

Mr. Fred Baughman, Coordinator  
Economic Development Commission  
One Main Street  
Fort Wayne, IN 46802


Re: Tokheim Corporation

Dear Mr. Baughman:

The Tokheim property, located at 1600 Wabash Avenue, is zoned "M-2" - General Industry. The "M-2" zone permits existing uses as well as those proposed by Tokheim at 1600 Wabash Avenue.

If you have questions please contact me at 423-7571.

Sincerely,

  
Gary P. Baeten  
Senior Planner

GFB:pb

REPORT OF THE FORT WAYNE ECONOMIC DEVELOPMENT  
COMMISSION CONCERNING THE PROPOSED FINANCING  
OF ECONOMIC DEVELOPMENT FACILITIES FOR  
TOKHEIM CORPORATION

Having been furnished certain data by the above applicant, and having had discussions with representatives of said applicant, the Fort Wayne Economic Development Commission now submits the following report pursuant to Indiana Code 36-7-12-1 et seq.

Description of Proposed Facilities

The project will consist of office building expansions and renovation,  
machine shop electrical expansion, machinery and equipment, and factory roof  
and other plant improvements to be located in Fort Wayne in Allen County,  
Indiana

Estimate of Public Services Required

All public services, including water and sewage, now exist. No public facilities will be made necessary on account of the proposed facilities.

Total Project Cost

The total project cost for the purchase, construction and equipping of the facilities is estimated to be \$ 5,000,000.00, including costs of issuance of the economic development revenue bonds.

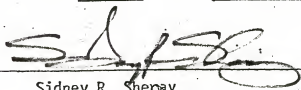
Number of Jobs and Estimated Payroll

It is anticipated there will be approximately unknown new jobs created by this project with an estimated payroll increase of approximately \$ unknown annually.

Adverse Competitive Effect

The construction of the facilities will not have an adverse competitive effect on any similar facilities already constructed or operating in or near Fort Wayne, Indiana.

Dated this 3<sup>rd</sup> day of June, 1982

  
Sidney R. Sheray

  
Charles Henry

  
Timothy Borne

  
Phil A. Howard

  
Stan Lipp



INDUCEMENT RESOLUTION OF  
FORT WAYNE ECONOMIC DEVELOPMENT COMMISSION  
ON APPLICATION OF  
TOKHEIM CORPORATION

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WHEREAS, the City of Fort Wayne, Indiana, (the "Issuer") is authorized by Indiana Code §36-7-12 (the "Act") to issue revenue bonds for the financing of economic development facilities, the funds from said financing to be used for the acquisition, construction and equipping of said facilities, and said facilities to be either sold or leased to the user or developer; and

WHEREAS, Tokheim Corporation (the "Applicant"), has advised the Fort Wayne Economic Development Commission (the "Commission") and the Issuer that it proposes that the Issuer acquire and equip an economic development facility and sell and/or lease the same to the Applicant or loan proceeds of an economic development financing to the Applicant for the same, said economic development facility to be purchase of machinery and equipment and expansion and renovation of the existing office building, the electrical expansion of the Machine Shop, the replacement of the factory roof and other improvements to the buildings located at 1600 Wabash Avenue, in the City of Fort Wayne, Indiana, located on a 13.5 acre plot of land (the "Project"); and

WHEREAS, the diversification of industry and increase in job opportunities to be achieved by the acquisition of the Project will be of public benefit to the health, safety and general welfare of the Issuer and its citizens; and

WHEREAS, it would appear that the financing of the Project would be of public benefit to the health, safety and general welfare

of the Issuer and its citizens or the citizens of Allen County, Indiana; and

WHEREAS, the acquisition and construction of the facility will not have an adverse competitive effect on any similar facility already constructed or operating in Allen County, Indiana.

NOW, THEREFORE, BE IT RESOLVED by the Commission as follows:

1. The Commission hereby finds and determines that the promotion of diversification of economic development and job opportunities in Fort Wayne, Indiana, is desirable to preserve the health, safety and general welfare of the citizens of the Issuer, and that it is in the public interest that the Commission and the Issuer take such action as they lawfully may to encourage economic development, diversification of industry and promotion of job opportunities in and near the Issuer.
2. The Commission hereby finds and determines that the issuance and sale of economic development revenue bonds in an amount of approximately \$5,000,000.00 of the Issuer under the Act for the acquisition, construction and equipping of the Project and the sale or leasing of the Project to the Applicant or the loan of the proceeds of the revenue bonds to the Applicant, will serve the public purposes referred to above, in accordance with the Act.
3. In order to induce the Applicant to proceed with the acquisition, construction and equipping of the Project, the Commission hereby finds and determines that (i) it will take or cause to be taken such actions pursuant to the Act as may be required to implement the aforesaid financing or as it may deem appropriate in pursuance thereof; provided that all of the foregoing shall be mutually acceptable to the Issuer and the Applicant; and (ii) it will adopt such resolutions and authorize the execution and delivery of such instruments and the taking of such action as may be necessary and advisable for the authorization, issuance and sale of said economic development revenue bonds.


4. All costs of the Project which may be financed under the Act will be permitted to be included as part of the bond issue to finance the Project, and the Issuer will sell or lease the same to the Applicant or loan the proceeds from the sale of the bonds to the Applicant for the same purposes.

5. This Resolution shall expire 180 days after the date of its adoption unless the Applicant either requests the Commission to adopt a final resolution approving closing documents or requests an extension from the Commission, which extension shall be granted upon good cause being shown.

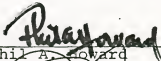
ADOPTED this \_\_\_\_ day of \_\_\_\_\_, 1982.


FORT WAYNE ECONOMIC DEVELOPMENT  
COMMISSION

  
\_\_\_\_\_  
Sidney R. Sheray

  
\_\_\_\_\_  
Timothy Borne

  
\_\_\_\_\_  
Charles M. Henry

  
\_\_\_\_\_  
Phil A. Howard

  
\_\_\_\_\_  
Stan Lipp

DIGEST SHEETB-82-06-09TITLE OF ORDINANCE Inducement Resolution for an issue of \$5,000,000.00DEPARTMENT REQUESTING ORDINANCE Economic Development CommissionSYNOPSIS OF ORDINANCE Purchase of machinery and equipment and expansionand renovation of the existing office building, the electricalexpansion of the Machine Shop, the replacement of the factory roofand other improvements to the buildings located at 1600 Wabash Avenue,in the City of Fort Wayne, Indiana, including the costs of issuance, onapplication of Tokheim Corporation.EFFECT OF PASSAGE Purchase of machinery and equipment, expansion,  
renovation and improvements to the buildings creating additional  
job opportunities over the next few years.EFFECT OF NON-PASSAGE None of the above.MONEY INVOLVED (DIRECT COSTS, EXPENDITURES, SAVINGS) None.ASSIGNED TO COMMITTEE ( PRESIDENT )